

are taxed now at a rate of nearly 70 percent, second highest in the world. The first highest is Japan. The flattest, most stagnant, economy in the world today is Japan.

There is a simple and clear explanation. We all know that if we want more of something, we subsidize it; if we want less of something, we tax it. Remember, heavy debt has been associated with many of the recent large bankruptcies about which I have spoken.

You will remember that Enron had significant debt levels, among other things, that it had most of its problems investing in a variety of areas outside of its core competence. The Tax Code encourages debt and discourages dividend payments.

The double taxation of dividends encourages the creation of noncorporate entities. These noncorporate entities include partnerships and limited liability corporations. Again, Enron left many of its debts off the books. As a result, Enron overstated profits by some \$400 million in its annual reports. Noncorporate entities do not pay double taxes like corporations.

Many of the scandal-ridden companies that imploded over the past few years had created several noncorporate entities—in part, to escape double taxation. Again, the Government says to do one thing—be honest and straightforward. But the same Government encourages complexity and dishonesty with its very own tax policy.

A year ago, Professor Jeremy Siegel of the Wharton School of Business wrote in the Wall Street Journal:

Nothing could possibly excuse Enron, Arthur Andersen and other firms from their deceptive and fraudulent practices. But cries for accounting reforms, transparent earning reports, and audit independence will not amount to anything [other than to slightly discourage this effort] if the U.S. tax system encourages firms to do just [what Enron did].

The double taxation of the dividends is hurting efforts to prevent corporate corruption. The frustrating thing is that even after enacting tougher penalties for corporate crooks, it may be wasted effort, unless we end the double taxation penalty. The incentive is backward, Mr. President. If we have learned nothing over the past decades, we should have learned that incentives do matter.

I would venture most of us in the Chamber agree that ending the double taxation of dividends is good for older Americans and it is good tax policy. It would be a shame for us to cast aside good policy without a fair and honest appraisal.

I urge my colleagues to support the effort to end the double taxation of dividends. We can help improve corporate accountability by proper tax policy, while greatly helping America's seniors.

In conclusion, I will quote one of the expert witnesses who testified at our hearing, Hilary Kramer:

Abolishing the double taxation of dividends is about keeping companies honest, competent, and resourceful. . . .

I say we end the dividend penalty now for the sake of our seniors, who are the savers and investors in stable investments, and who live on fixed incomes, and for the sake of returning trust to the governance of corporate America.

I yield the floor.

ARKANSAS TROOPS ACTIVATED FOR WAR ON TERROR AND IN MIDDLE EAST

Mrs. LINCOLN. Mr. President, I rise today to pay tribute to the American troops in the National Guard and Reserves who are placing themselves in harm's way to defend our Nation against the threats of terrorism and global instability.

As of Wednesday, March 5, there are 176,553 Reservists and Guardsmen nationwide activated in the war on terrorism and in preparation for a potential war against Iraq. Currently, there are 1,875 Arkansans activated in the Guard and Reserves. I ask unanimous consent that the attached list be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection it so ordered.

(See exhibit 1.)

Mrs. LINCOLN. Mr. President, the sacrifices that these men and women are making to protect our freedoms, depend our libraries, and ensure regional and global stability. We are very proud of each and every one of them, and we owe all of them a tremendous debt of gratitude for their service and for their dedication to their country. We look forward to welcoming them home safely.

EXHIBIT NO. 1

ARKANSAS TROOPS CURRENTLY ACTIVATED

Amry National Guard (947 Arkansas):
N. Little Rock: State Area Command, 4.
Ft. Smith: 2nd Battalion, 142nd Field Artillery, HQ, 42.
Lincoln: 2nd Battalion, 142nd Field Artillery, SVC Battery, 20.
Van Buren: 2nd Battalion, 142nd Field Artillery, Battery A, 72.
Siloam Springs: 2nd Battalion, 142nd Field Artillery, Battery B, 73.
Ozark: 2nd Battalion, 142nd Field Artillery, Battery C, 73.
West Memphis: 216th Military Police Company, 124.
Little Rock: 149th Medical Company, 2.
Little Rock: 343rd Mobile Public Affairs Detachment, 7.
Ft. Smith: 935th Support Battalion, 99.
N. Little Rock: 935th Support Battalion, 32.
Charleston: 296th Medical Company, 117.
Marked Tree: 1123rd Transportation Company, 167.
N. Little Rock: 25th Support Detachment, 49.
N. Little Rock: 114th Aviation Air Traffic Control Battalion, 64.
N. Little Rock: 223rd Regiment (Regional Training Institute, 2.
Army Reserve (794 Arkansans):
Fayetteville: 362nd Psychological Operations Company, 67.
Little Rock: 431st Civil Affairs Battalion, 140.
Little Rock: 460th Chemical Brigade, 1.
Pine Bluff: 92nd Chemical Battalion, 1.

Charleston: 38th Ordnance Group, 56.
Little Rock: 468th Chemical Battalion, 45.
N. Little Rock: 489th Engineer Battalion, 452.
Little Rock: 90th Reserve Support Command, 22.
Little Rock: 112th Chaplain Detachment, 2.
Little Rock: U.S. Army Engineering Facility Group, 8.
Air National Guard (145 Arkansans):
Little Rock: 189th Airlift Wing, 99.
Fort Smith: 188th Airlift Wing, 46.
Naval Reserves (7 Arkansans):
Little Rock: Naval Support Activity Bahrain, Detachment C, 7.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred March 2, 2003, in New York City. Robert Spreng, 53, a resident of Manhattan's Upper East Side, was attacked at 4 a.m. as he walked home from a local bar. Spreng was followed by three men who approached him and screamed, "Faggot!" Spreng raised his hands and said that he didn't want any trouble, to which the assailants responded, "Faggot, you're going to have trouble tonight." Then the three men attacked Spreng, punching and kicking him. A witness called police, who were able to stop the beating.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

UNANIMOUS CONSENT CONSIDERATION

Mr. INHOFE. Mr. President, earlier today I submitted a request to the Senate to be considered with respect to the referral of the nomination of the Assistant Secretary of the Army for Civil Works for the 108th Congress.

The order reads as follows:

Ordered that, when the nomination for the Assistant Secretary of the Army for Civil Works is received by the Senate, it be referred to the Committee on Armed Services, provided that when the Committee on Armed Services reports the nomination, it be referred to the Committee on Environment and Public Works for a period of 20 days of session, provided further that if the Committee on Environment and Public Works does not report the nomination within those 20 days, the Committee be discharged from further consideration of the nomination and the nomination be placed on the calendar.

This order has been closely coordinated with both the chairmen and